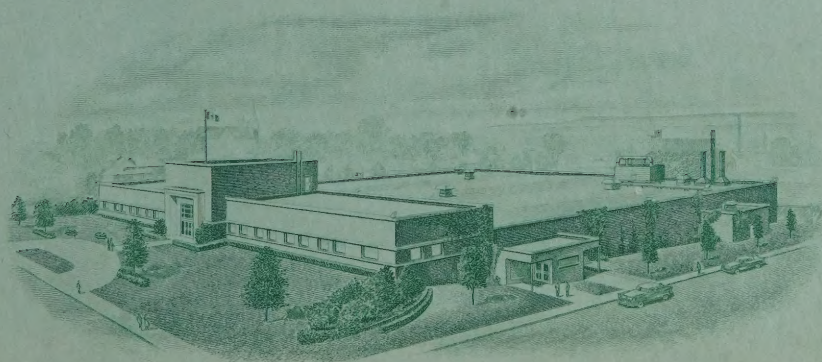


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FILE

BRITISH AMERICAN BANK NOTE COMPANY LIMITED 1966

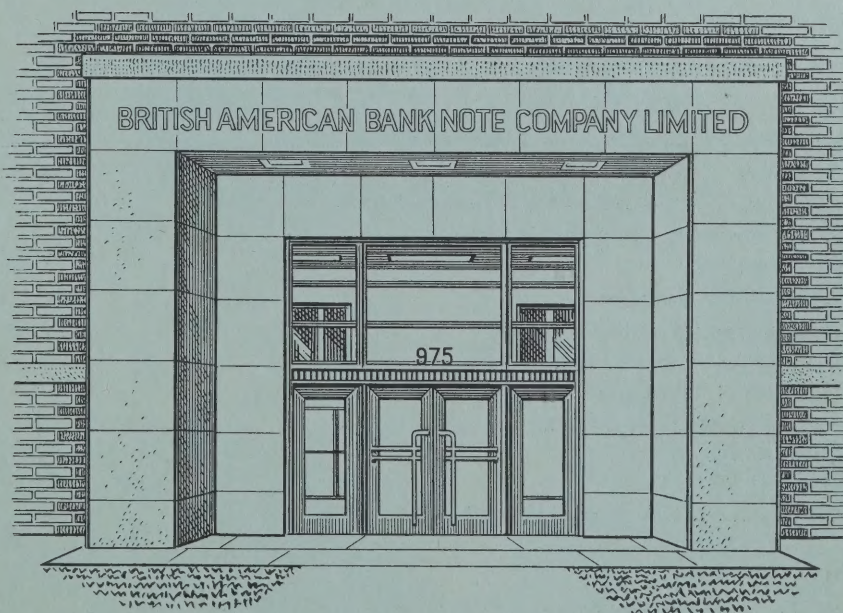
ONE HUNDREDTH ANNUAL REPORT



The Annual General Meeting of shareholders
will be held at the Head Office of the Company,
975 Gladstone Avenue, Ottawa 3, Ontario, at
11:00 A.M. April 12, 1967.

BRITISH AMERICAN BANK NOTE COMPANY LIMITED

1866 · ONE HUNDREDTH ANNUAL REPORT · 1966



BRITISH AMERICAN BANK NOTE COMPANY LIMITED

DIRECTORS

G. HAROLD BURLAND, M.C., C.D.
Ottawa
ROSS CLARKSON
Montreal
GORDON FARRELL
Vancouver
HON. GEORGE B. FOSTER, M.B.E., Q.C.
Montreal
GEORGE T. FOX
Toronto
BARRY GERMAN
Ottawa
HON. JEAN RAYMOND, Q.C.
Montreal
KENNETH S. SARGENT
Ottawa
A. MURRAY VAUGHAN
Montreal
MRS. L. M. VAUGHAN
Montreal
R. P. WHITE, O.B.E., V.R.D.
Ottawa

OFFICERS

A. MURRAY VAUGHAN, Chairman and Chief Executive Officer
R. P. WHITE, President
KENNETH S. SARGENT, Vice President and General Manager
GORDON C. LESLIE, Assistant General Manager
JOHN M. BRADY, Treasurer
REGINALD F. BLANDFORD, Secretary
GEORGE T. FOX, Resident Director, Toronto
R. BROCK YOUNG, Marketing Manager
R. D. JOHNSON, Toronto Manager
W. MICHAEL PRICE, Montreal Manager

TRANSFER AGENT

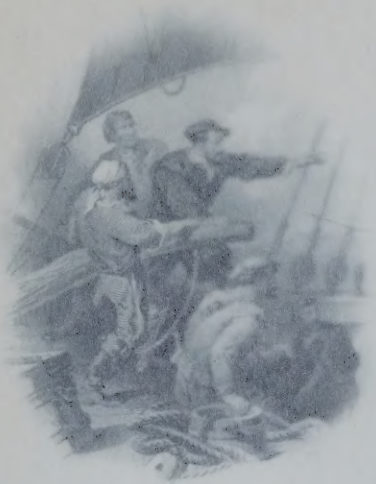
The Royal Trust Company Montreal and Toronto

REGISTRAR

Montreal Trust Company Montreal and Toronto

AUDITORS

Touche, Ross, Bailey & Smart



HISTORICAL VIGNETTES
FROM THE COMPANY'S
COLLECTION



BRITISH AMERICAN BANK NOTE COMPANY LIMITED

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Ottawa

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Montreal and Toronto

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Montreal Trust Company

Montreal and Toronto

AUDITORS

Touche, Ross, Bailey & Smart



BRITISH AMERICAN BANK NOTE COMPANY LIMITED

ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Shareholders:

Your Directors submit herewith Financial Statements for our One Hundredth Year of operation ended December 31, 1966 as reported upon by the Company's Auditors, Messrs. Touche, Ross, Bailey & Smart.

It is a pleasure to report Sales continued to expand and showed a satisfactory increase in 1966 our Centennial.

Earnings before Income Taxes for 1966 were \$1,081,132 compared with \$1,039,154 for 1965. Provision for Income Taxes for 1966 amounted to \$535,000, of which only \$123,000 is actually payable as a result of claiming for tax purposes capital cost allowances in excess of depreciation provided in the accounts and claiming a lump sum pension payment of \$665,600. The balance of the provision amounting to \$412,000 represents Income Taxes which may become payable in the future and this has been shown as a Deferred Liability on the Balance Sheet, as explained in Note 2 to the Financial Statements.

Net Profit for the year 1966 was \$546,132, or \$3.64 per share. The Net Profit for 1965 was \$3.59 per share.

During the year quarterly dividends of 50¢ a share were paid and an extra of 90¢ per share in December. Total dividends were \$2.90 per share, an increase of 5¢ a share over the previous year.

During the year the Company's Pension Plan was amended to provide improved benefits to employees. The total cost in 1966 up to December 31, is \$665,600, which is being charged to operations over seven years commencing in 1966.

BRITISH AMERICAN BANK NOTE COMPANY LIMITED

The year ended with Current Assets of \$2,025,425 and Current Liabilities of \$368,784. Working Capital of \$1,656,641 was \$584,561 lower than a year ago principally because of the lump sum pension payment mentioned previously and certain large capital expenditures.

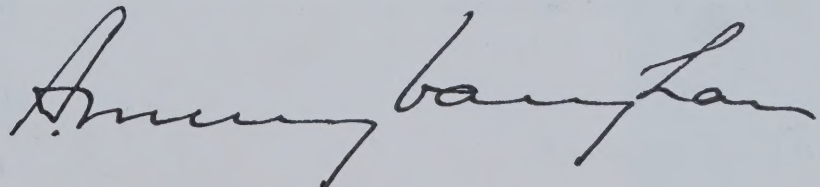
The Company is continuing to take advantage of research and development in the manufacture of printing presses and associated equipment in order to keep pace with the requirements of our customers.

Mr. Charles S. Band who has served on the Board for fifteen years retired as a Director of the Company on March 31, 1966. His enthusiastic contribution to the deliberations of the Board will be greatly missed.

Mr. K. S. Sargent, the Vice President and General Manager of the Company, was elected a Director on March 31, 1966.

On behalf of the Directors it is a pleasure to pay tribute to the loyal and efficient services of the Company's Officers and Employees.

On behalf of the Board of Directors

A handwritten signature in dark ink, appearing to read "Arthur Sargent", written in a cursive style.

February 15, 1967.

Chairman and Chief Executive Officer.

BRITISH AMERICAN COMPANY

(Incorporated under the laws of the United Kingdom)

BALANCE SHEET AS AT 31 DECEMBER 1966 (with comparative figures for 1965)

ASSETS

CURRENT

	1966	1965
Cash	\$ 38,864	\$ 154,102
Accounts receivable	305,251	254,668
Marketable securities - at cost (Approximate market value: 1966 - \$774,000; 1965 - \$1,564,000)	853,907	1,593,761
Due from employees - subscriptions to Canada Savings Bonds	39,252	37,706
Estimated income taxes recoverable	138,326	—
Inventories of raw materials, work in process and finished stock, value at the lower of cost or net realizable value	649,825	493,488
	<u>2,025,425</u>	<u>2,533,725</u>

OTHER

Investments - at cost	269,746	69,746
Deferred past service pension costs (Note 1)	570,600	—
Prepaid charges	53,008	52,747
Special refundable tax	22,912	—
	<u>916,266</u>	<u>122,493</u>

FIXED - at cost

Building, land, plant, furniture, fixtures, equipment and engraved stock	4,642,972	4,081,954
Less accumulated depreciation	3,459,553	3,212,455
	<u>1,183,419</u>	<u>869,499</u>
	<u>\$4,125,110</u>	<u>\$3,525,717</u>

On behalf of the Board:

A. MURRAY VAUGHAN, Director

R. P. WHITE, Director

AN BANK NOTE LIMITED

(Canada Corporations Act)

DECEMBER 31, 1966

(figures for 1965)

LIABILITIES

CURRENT	<u>1966</u>	<u>1965</u>
Accounts payable and accrued liabilities	\$ 326,269	\$ 101,172
Estimated income taxes payable	—	163,023
Sales taxes payable	<u>42,515</u>	<u>28,328</u>
	368,784	292,523
DEFERRED INCOME TAXES (Note 2)	513,000	101,000

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized, issued and fully paid		
150,000 shares of no par value	300,000	300,000
Retained earnings	<u>2,943,326</u>	<u>2,832,194</u>
	3,243,326	3,132,194
	<u>\$4,125,110</u>	<u>\$3,525,717</u>

The accompanying notes
are an integral part
of these financial statements.

BRITISH AMERICAN BANK NOTE COMPANY LIMITED

STATEMENT OF EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1966 (with comparative figures for 1965)

	1966	1965
Profit from operations before deducting the expenses shown below.....	\$1,372,806	\$1,274,751
Depreciation on plant, buildings and equipment.....	277,599	191,364
Directors' salaries and other remuneration.....	124,950	119,850
	402,549	311,214
Net profit from operations	970,257	963,537
Revenue from investments	87,659	70,827
Miscellaneous income	23,216	4,790
	1,081,132	1,039,154
Provision for income taxes (Note 2)	535,000	500,000
Earnings for the year	\$ 546,132	\$ 539,154

STATEMENT OF RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1966 (with comparative figures for 1965)

	1966	1965
Balance at beginning of year	\$2,832,194	\$2,765,540
Earnings for the year	546,132	539,154
	3,378,326	3,304,694
Less: Dividends paid on capital stock	435,000	427,500
Provision for future income taxes — prior years	—	45,000
	435,000	472,500
Balance at end of year	\$2,943,326	\$2,832,194

The accompanying notes
are an integral part
of these financial statements.

BRITISH AMERICAN BANK NOTE COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1966

1. During the year the Company made a lump sum payment of \$665,600 representing the cost of providing improved pension benefits to employees. An amount of \$95,000 has been charged against income in 1966 and the Company intends to amortize the balance in six equal annual amounts.

2. The provision for income taxes amounting to \$535,000 has been computed on the basis of the income before taxes of \$1,081,132 and it exceeds estimated income taxes payable of \$123,000 by \$412,000 (\$56,000 in 1965).

This difference is included in 'Deferred income taxes' on the balance sheet and arises from the Company's intention to claim, for tax purposes,

- a) accelerated capital cost allowances not recorded in the accounts, and
- b) the full amount of a lump sum payment for past service pension benefits which is being amortized over a number of years in the accounts.

The item 'Deferred income taxes' represents the accumulation of such differences to December 31, 1966.

In addition, normal capital cost allowances claimed for tax purposes have exceeded depreciation provided in the accounts. The resulting accumulated reduction in income taxes amounting to \$7,000 at December 31, 1966 (\$10,000 at December 31, 1965) has not been reflected in the accounts.

3. By an order made January 10, 1967, pursuant to section 117 (1) (a) of the Canada Corporations Act, the Chief Justice of Ontario authorized the Company to omit the amount of sales or gross revenue derived from its operations from its financial statement to be laid before its next annual meeting of shareholders.

4. As at December 31, 1966 the Company had commitments for capital expenditures amounting to approximately \$330,000.

AUDITORS' REPORT TO THE SHAREHOLDERS

The Shareholders

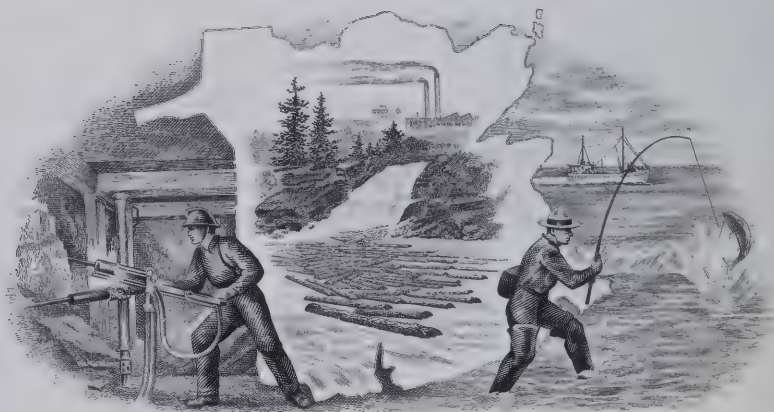
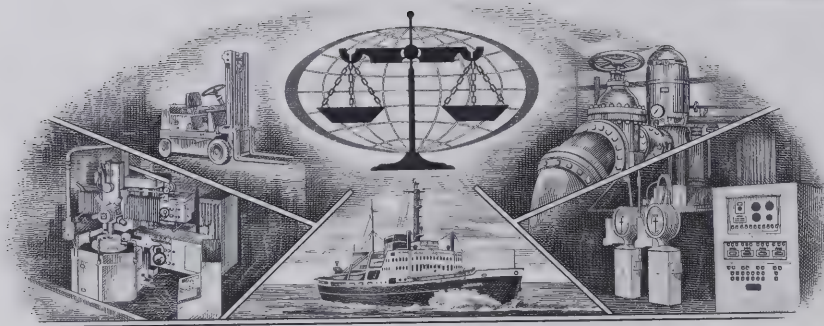
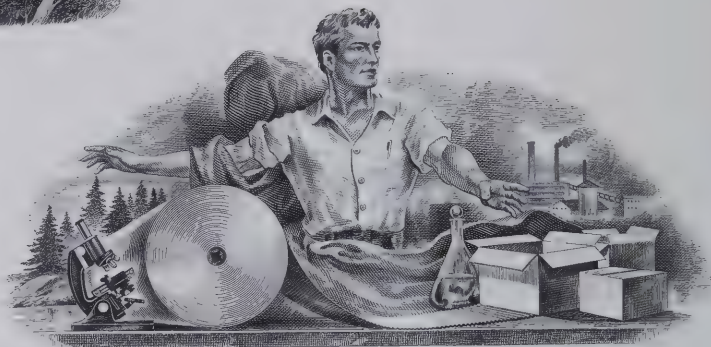
British American Bank Note Company Limited

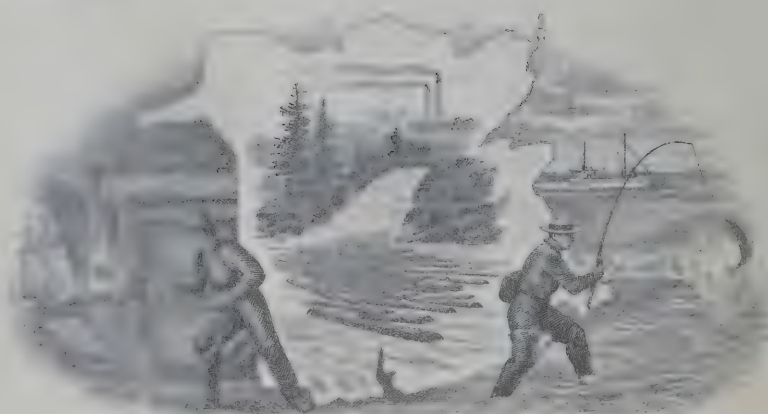
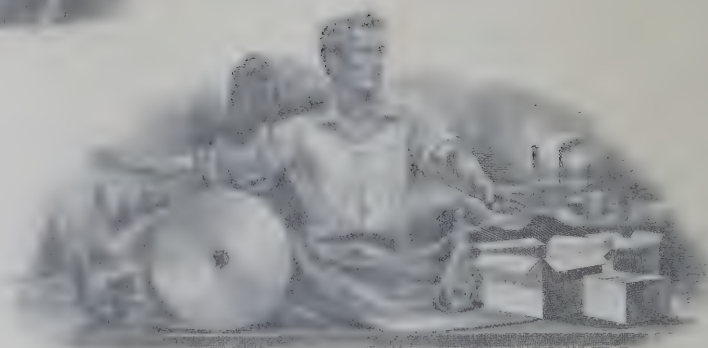
We have examined the accompanying balance sheet of British American Bank Note Company Limited as at December 31, 1966 and the statements of earnings and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the aforementioned financial statements present fairly the financial position of the Company as at December 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TOUCHE, ROSS, BAILEY & SMART
Chartered Accountants

Ottawa, Ontario, January 27, 1967





CONTEMPORARY VIGNETTES

mass of coral of a circular shape. The shrubs and trees which hung over the margin of the precipice presented the most extraordinary appearance. A great stalk of pure, coral-like frozen spray, as thick as a man's arm, would, if the frost-work were knocked off, disclose the most tiny branch of a shrub. The spruce trees, covered with this frozen spray, were magnificent objects—every branch being completely enveloped in the most brilliant frost-work, compared with which the best art of the worker in silver would appear tame and poor.

BANK-NOTE ENGRAVING.

I visited the establishment of the British-American Bank-Note Engraving Company, and, through the kindness of the artists employed in it, saw the various interesting processes of making bank notes, of which I will give a brief description.

Designs have first to be drawn, and in them there is room for the highest class of art. These are reduced by photography to the required size, and then engraved on steel in a manner, so far as I could judge, equal to the best engraving of American bank-notes. A note is printed from a number of different plates, and it has to be dried and damped again for each impression, so that it may require a week to put through one sheet of notes. The fine circular and curved line-work which forms part of every note, generally round the margin and denomination, is printed from plates made by a very peculiar process. There is a long machine called a geometric-lathe, with a vast variety of little wheels, any combination of which may be set in motion, and no two combinations of which will make the same figures. A number of these combinations are tried until something very beautiful is obtained, and then that design is traced on a plate by a needle, which moves in every kind of curve that the said combination of wheels will produce. When the delicately-interlaced pattern is cut by this needle—a process which requires going over it thirteen times—it is transferred to a die, which is raised where the other was

sunk. Sometimes a conical section is cut out of the soft plate, and the pattern so obtained transferred to as many dies as are needed to form a circle or a semicircle, when they are put together in the required form, and used. This machine—which makes an unlimited number of patterns in the way of fine tracery-work—is enormously costly; and when a pattern has once been made, and the combination of wheels altered, it is difficult to get exactly the same thing again—nor is it necessary, for the same pattern can be multiplied at will.

A remarkably fine part of the work is the stamping of patterns or pictures on steel plates. The raised figures are formed on the circumference of a small roller of steel, which is placed over the plate to be engraved, in a machine. A powerful lever produces the necessary pressure—which should not, however, be too great—and the small roller of steel is worked gently backwards and forwards over the plate beneath, and every time it passes over this plate the lines are deepened, without any inaccuracy or blurring. This rolling is necessary, because the heavy pressure that would be necessary to stamp the impression at once would expand the steel plate on which it was being made. In transferring an impression from one steel plate to another, that which is to make the impression is always hard, and that which is to receive it soft—to be hardened afterwards by union with carbon, in a close mould very highly heated.

TELEGRAPHY BY SOUND AND LIGHT.

An ingenious printer of Montreal, Mr. Wm. Boyd, who was long in Mr. Lovell's establishment in this city, but who some years ago emigrated to Boston, communicated from thence to the *Montreal Witness*, in April, 1866, a system of telegraphing by sound or light, which was, obviously, well adapted for extensive usefulness. Some notice was taken in other countries of the article setting forth his invention, with, however, so far as we know, no practical result hitherto. Mr. Boyd now sends the



DESIGNING



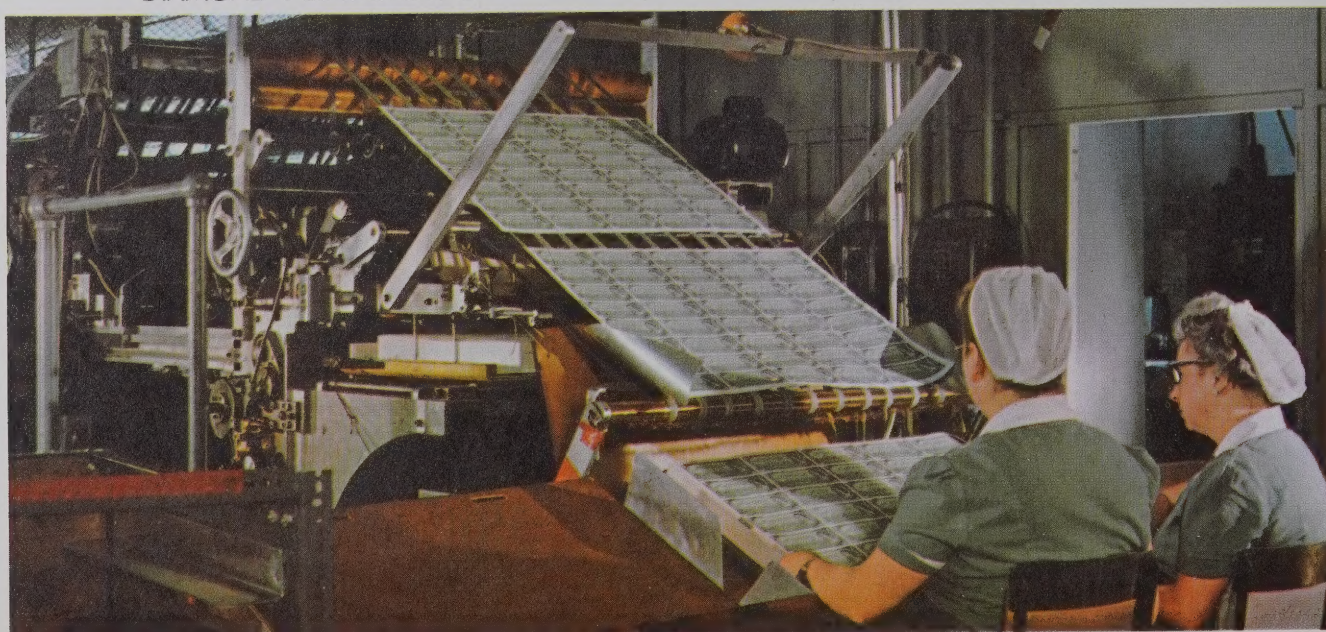
ENGRAVING



DIAMOND POINT ETCHING



TRANSFERING



STEEL PLATE PRINTING

BRITISH AMERICAN BANK NOTE COMPANY LIMITED

HEAD OFFICE

975 Gladstone Avenue, OTTAWA 3, CANADA

BRANCH OFFICES

TORONTO

67 Yonge Street

MONTREAL

2135 Drummond Street

AGENCIES

WINNIPEG

SAULTS & POLLARD LTD.

300 Carlton Street

CALGARY

ALCRAFT PRINTERS LTD.

4303 Edmonton Trail

VANCOUVER

AGENCY PRESS LTD.

1020 Hornby Street

